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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2021/2022

DFA5014 – FINANCIAL ACCOUNTING 1

(All Sections/Groups)

21 APRIL 2022
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **5** pages with **4** questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.

QUESTION 1

Malik Services was established on 1 January 2022 by Malik. The following transactions were recorded in the journal for the month of January.

Malik Services General Journal			
Date	Account title	Debit	Credit
January 1	Cash Malik, capital	30,000	30,000
5	Equipment Cash Account payable	15,000 5,000 10,000	
7	Rent expense Cash	700 700	
10	Cash Service revenue	7,000 7,000	
15	Prepaid insurance Cash	1,200 1,200	
18	Office supplies Cash	400 400	
20	Cash Note payable	50,000 50,000	
22	Cash Account receivable Service revenue	5,000 3,000 8,000	
25	Salaries expense Cash	1,500 1,500	
28	Account payable Cash	5,000 5,000	
30	Utilities expense Cash	200 200	

Required

- State the **THREE (3)** processes involved in recording a transaction. (3 marks)
- Post the transactions to T-accounts. (19 marks)
- How much was the total expenses for the company for the month? (1 mark)
- How much total assets that the company has on 31 January? (1 mark)
- How much total liabilities that the company has on 31 January? (1 mark)

(Total: 25 marks)

Continued...

QUESTION 2

Part A

The accounting records of Dota Company include the following unadjusted balance as at 31 March 2021.

Equipment	RM10,500	Service revenue	RM5,500
Supplies	600	Salary expense	2,000
Prepaid rent	1,200	Unearned service revenue	700

Adjusting entries data:

- a. Service revenue still accrued, RM200.
- b. Unearned service revenue that has been earned, RM300.
- c. Prepaid rent expired, RM400.
- d. Supplies on hand, RM400.
- e. Salary owed to an employee, RM600.
- f. Depreciation for equipment, RM70 per month.

Required

- (a) Classify each of the adjusting entry above as either deferral or accrual. (3 marks)
- (b) Prepare the adjusting entries for March for Dota Company. (6 marks)
- (c) If the total assets before adjustment was RM22,000, what will be the amount after adjustments were made? Show your working. (3 marks)
- (d) If the total liabilities before adjustment was RM10,000, what will be the changes in the liability amount after adjustments were made? Prove your answer. (3 marks)

Part B

To be judged useful, the information should be comparable, consistent, verifiable, timely, and understandable.

Required

Explain each of the characteristics stated above. (10 marks)

(Total: 25 marks)

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QUESTION 3

Part A

At TnJ Enterprise, the following errors were discovered on 27 February after the transactions had been journalised and posted.

1. Cash of RM200 received at the time the service was performed was recorded as a debit to Cash RM280 and a credit to Service revenue RM280.
2. A depreciation on equipment amounted to RM100 was recorded as a debit to Depreciation expense RM100 and a credit to Equipment RM100.
3. A payment of RM350 to a creditor was recorded as a debit to Account receivable RM350 and a credit to Cash RM350.

Required

Prepare the necessary correcting entries. (3 marks)

Part B

Kree Crane Services has operated since 1 January 2021 with the investment of RM25,000 in cash by the owner. The adjusted trial balance of the company as at 31 December 2021 is as follows:

Kree Crane Services Adjusted Trial Balance as at 31 December 2021		
	Debit	Credit
Cash	RM40,500	
Accounts receivable	12,000	
Supplies	300	
Equipment	15,000	
Accumulated depreciation-Equipment		RM150
Account payable		7,050
Salary payable		1,000
Interest payable		500
Notes payable (due 2023)		20,000
Owner's capital		25,000
Owner's drawing	5,500	
Service revenue		66,000
Salaries expenses	30,000	
Rent expenses	12,000	
Utilities expenses	3,000	
Interest expenses	500	
Repair expense	400	
Depreciation expenses	300	
Supplies expense	200	
	<u>RM119,700</u>	<u>RM119,700</u>

Continued...

Required

(a) Prepare the Statement of Profit or Loss for the year ended 31 December 2021. (6 marks)

(b) Prepare the Statement of Changes in Equity for the year ended 31 December 2021. (3 marks)

(c) Prepare the classified Statement of Financial Position as at 31 December 2021. (8 marks)

(d) Prepare the closing entries to close the revenue and expense accounts. (5 marks)

(Total: 25 marks)

QUESTION 4**Part A**

Mesra Company has the following internal control procedures over cash receipts.

- (1) Different individuals receive cash and record the cash receipts.
- (2) Store cash in the locked drawer.
- (3) Only designated personnel are authorised to handle cash receipts.
- (4) Use remittance advice and cash register tape.
- (5) Treasurer compares total receipts to bank deposits daily.
- (6) Bond personnel who handle cash receipts.

Required

Identify the internal control principle that is applicable to each procedure listed above. (6 marks)

Part B

The petty cash fund of RM300 for Bunga Company was established on 1 May 2021. On 31 May, the petty cash fund appeared as follows.

Cash balance on hand	RM75
Petty cash receipt:	
Postage	RM12
Entertainment	120
Office supplies	70
Delivery expense	20
Total cash receipts	RM222

Continued...

Required

Journalise the entries related to the establishment and replenishment of the petty cash fund in May. (4 marks)

Part C

The new accounts officer of Feroz Company is unable to reconcile the bank balance on 31 January 2022. The reconciliation is as below.

Feroz Company
Bank Reconciliation
As at 31 January 2022

Cash balance per bank	RM3,600
Add: Bank collection on note receivable	RM2,100
NSF cheques	650
EFT-Rent expense	900
	<hr/>
Less: Bank service charges	(50)
Adjusted balance per bank	<hr/> <u>RM7,200</u>
Cash balance per book	RM3,500
Add: Outstanding cheques	1,600
	<hr/>
Less: Deposit in transit	5,100
Adjusted balance per book	<hr/> <u>RM3,100</u>

Required

(a) What is the purpose of preparing a bank reconciliation? (2 marks)

(b) Prepare a correct bank reconciliation for Feroz Company. (10 marks)

(c) Journalise the entries required by the reconciliation. (3 marks)

(Total: 25 marks)

End of Paper